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Theory of the informal economy in the Egyptian tourism sector

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Keywords

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informal economy

Abstract

The informal or hidden economy is the second component in the actual economy of any country. Tourism MSMEs operating in the informal economy struggle to conduct business in an environment of financial obstacles, legal uncertainty and insecurity. The transition from the informal economy to the formal economy is difficult, but it is the only solution to confront the obstacles facing tourism projects in the informal economy. This review paper is based on the current literature on the Informal Economy of the Tourism Sector in Egypt. The research investigates the status of Tourism MSMEs in Egypt. This research used the descriptive approach and the inductive approach using; reports and studies issued by international organizations and institutions to serve the research topic. Findings revealed that the informal Egyptian tourism sector is largely based on the activities of small and medium enterprises, which tend to conduct their transactions through cash transactions and do not rely on banking systems for dealing. Therefore, small and medium tourism enterprises outside the formal sector face great restrictions. As a result, this research recommends supporting financial inclusion mechanisms through various financing programs that integrate the activities of the informal sector into the formal sector.

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1. Introduction

The presence of the informal sector in economies has become a critical and complex development puzzle waiting to be solved. The informal sector in any economy is the one that is neither taxed nor monitored by the government (Ratnayaka, 2024). According to the International Labor Organization (ILO), informal sector is defined as the “economic activities by workers and economic units that are not covered or insufficiently covered by formal arrangements (IOE, 2021). Tourism is widely recognized as a sector in which informal or even illegal labor is often used and in which formal suppliers co-exist alongside informal businesses (UNWTO & ILO 2014). According to UNCTAD (2013), the majority of tourism-related businesses in developing countries tend to be SMEs, many of which are operating in the informal economy.

Informal activities have always been an integral part of Egyptian economic activity. The informal economy constitutes an obstacle affecting the growth of the formal economy in Egypt, however Its positive effects cannot be ignored, as it is a catalyst for revitalizing the formal economy, It also has positive effects, especially in reducing the rate of poverty and unemployment among members of society, and therefore it affects one of the most important indicators of economic stability (Alghaesh, 2021). So integrating the informal economy into the formal sector is an important policy challenge.

Research questions

The research aims to answer the following questions:

1. What is the status of the informal economy in Egypt?
2. What is the status of Tourism MSMEs in Egypt informal economy?
3. What are the concerns facing tourism MSMEs about transition into the formal economy?
4. What are the state’s mechanisms for integrating the tourism informal sector into the formal economy?

Research Aim

This research aims to shed light on the Informal Economy of the Tourism Sector in Egypt. In order to achieve the research's main aim, some objectives were targeted as follows:

1. Examining the Characteristics of economic activities located in the informal Economy.
2. Identifying Methods used to estimate the size of the informal economy.
3. Investigating the Reasons for the emergence of the informal economy in tourism sector.
4. Illustrating the status of Tourism MSMEs in Egypt.

2. Literature review

2.1. The informal economy

When discussing the informal sector, the terms "unorganized" and "informal" are used interchangeably. Terms like "ungoverned," "shades of gray economy," and "not being formal" are used in certain definitions to characterize this industry. The absence of a universally accepted definition for the informal sector gives nations the freedom to define it whichever best suits their own needs (Ntseane, 2019). Informal economy refers to a wide range of economic activities and businesses that are not subject to government oversight or taxation (Ratnayaka, 2024). The definition of the informal sector varied widely. The term "informal sector" refers to the area beyond

the formal labor market. It was first used by Keith Hart (1971, 1973), who thought of the term as being almost synonymous with small self-employed sections (Gerxhani, 2004). Afterwards, the phrase was used by Bromley & Gerry (1979) to describe means of generating income outside of the formal money economic status, either as a substitute for it or to augment income received from it.

Two approaches were recognized to characterize the casual /informal sector, specifically, the definitional approach and the behavioral approach. The previous characterizes it as all the unrecorded financial exercises, whereas the last mentioned considers it as an alter in the economic agents' behavior in response to organizational limitations (Moaaz & Mansour, 2023). Some economists describe the informal economy in accordance with their belief that certain economic activities are illegal. According to Avouyi-Dovi et al., (2023), the informal economy, also known as the illicit economy, is the part of the economy that deals with the creation of products and services for the market that are traded illegally. It is made up of two parts: the irregular economy, which is the production and exchange of legal goods and services under dubious circumstances, and the productive black markets, which are the source of goods and services that are illicit but fulfill all the parties involved (Avouyi-Dovi et al., 2023).

According to the international monetary fund (IMF), (2024), the assortment of laborers, businesses, and ventures that function beyond the purview of the law embody the informal economy. Alternative definitions center on market activities that are hidden from public view in order to evade taxes and social security benefits (Schneider et al., 2011). Globally, the informal economy employs over two billion people in practically every industry, from individual proprietorships to MSMEs; also there is a lot of connection between the unbanked population worldwide and the informal sector, even though exact numbers are not available (Levaux, 2021). Activities in the unofficial economy are profit-driven economic production that are not lawfully complete. Meaning they are not completely or in part committed to following the necessary official procedures, which are outlined as follows (Elsherbeny, 2016):

- A license to carry out the occupation.
- The industrial/commercial registers.
- Social insurance benefits for employment.
- Filing taxes on economic activities in accordance with routine accounting documentation.

2.2. The importance and characteristics of the informal sector

Numerous factors have created the structure of the informal sector, including minimal unionization and a lack of social security (Awojobi, 2014). a high rate of low-education workers (Pratiwi et al., 2022); small or ill-defined workplaces; hazardous and unhealthy working environments; low productivity and skill levels; low or irregular pay; long work hours; and restricted access to markets, information, capital, learning, and modern technology (Swain & Kambhampati, 2022). Another important aspect of informality is plural-activity, or doing numerous jobs (Charmes,

2019). Furthermore, Because of their flexibility and regulatory loopholes, informal businesses expand more quickly than formal ones despite being less productive. They also pay lower wages. Furthermore, unjust competition from the informal sector frequently impedes the expansion of the formal economy (Mbaye et al., 2020).

Although the informal sector has detrimental consequences on the economy and society, it also fills a number of roles that the formal sector is unable to fill in the areas of the economy, society, politics, and the environment (Karagoz, 2020). With all of its advantages and disadvantages, the informal economy represents one among the most crucial ways to address the social problems that Egyptian society faces. This was clearly demonstrated after the revolutions in January 2011 and June 2013, where the structure Integrated infrastructure that has ended its useful life and the needs of a state looking forward to advancement (El Sherbeny, 2016). The informal sector is therefore seen as a response to the state's shortcomings, the informal economy is the one with the power to address the issues of unemployment and destitution in our society. The issue might even go so far as to address society's incapacity to fulfill the aspirations of the general populace (Alghaesh, 2021).

According to Aguilar and Guerrero (2020), the informal sector plays a significant role in both the creation of goods and services as well as employment. For the impoverished, the unorganized sector offers vital economic chances (Padmavathi & Aruna, 2022). Because of its tight linkages to the formal economy, the informal sector can have an impact on state income; its size is also matters for economic policies as well as other policies of the state (Karagoz, 2020).

The informal economy has two different parts:

The first: Small Enterprises Sector, It is the productive side of the informal economy, and it is also the sector that responds to economic policies, as it represents about 25% of the informal economy (Ghali et al, 2014). International experiences indicate that the productive sector of the informal economy has a great ability to absorb large numbers of low-income workforce, and to achieve an increase in the absorptive capacity of this sector, a package of policies is required, which includes four pillars: credit, product design, marketing, Then organization (INP, 2016).

The second: The random work sector, which represents about 75% of the informal economy. It represents the basis of survival strategies for the poor, and must be given attention within the framework of anti-poverty strategies through direct transfers (Ghali et al., 2014).

2.3. Estimating the informal economy

There is no doubt that there is difficulty in assessing the extent of the informal economy due to the lack of sufficient information for this sector. It is not possible for a person working in this field to volunteer to provide information about His illegal activity in order not to expose himself to punishment, and in doing so; tries to hide his activities in any way (Greenidge et al., 2009). These informal activities have impacts on some aspects of the formal economy, and through these impacts Possibility of developing analytical models and methods to estimate the size of the informal economy, and the differences in assessing the size of the informal economy (INP, 2016). Every estimation approach has its own set of advantages and disadvantages.

Generally, the methods are determined and agreed upon in three approaches: the direct approach, the indirect approach, and the modeling approach (Williams, 2023). These three approaches are outlined in the table below, along with the most important features of each:

Table 1: Informal economy estimating approaches

Approach	Method	Features
Direct	The Sample Survey	Estimating the informal economy's size using data from a sample survey. The accuracy of the results depends on the accuracy of the questions and the responsiveness of the respondents, in addition to the confidentiality of the answers.
	The Tax Audit	Estimating the size of the informal economy through measurement of Unreported taxable income.
Indirect	Accounting Statistics	Estimating the size of the informal economy based on variance in Income and expenditure statistics in the national accounts.
	Labor Force Statistics	Estimating employment growth in the informal economy based on the decline in labor participation in the formal economy. Assuming that the workforce participates in a proportion Constant in the economy in general
	Monetary Balances	Use data on the total volume of monetary transactions in the economy to calculate gross domestic product (informal and formal). Then estimate it by subtracting formal GDP from total gross domestic product.
The Model Approach	the dynamic multiple indicators multiple-causes (DYMIMIC)	Estimating the size of the informal economy in terms of its variables Such as the tax burden as well as the burden of government rules and regulations, And variables affected by shadow economy activities, such as official working hours, and unemployment

Source: (Hamouda, 2012; Hegazy, 2024)

2.4. Informal economy of tourism sector

The tourism and service sector is a multifaceted, labor-intensive, worldwide business sector that encompasses a variety of businesses and activities, including travel, lodging, food and beverage, entertainment, shopping, sports, medical support, and other amenities. As a result, it is a conglomeration of related industries and markets (Lorenzen, 2015, Fagertun, 2017). In numerous nations, tourism serves as a significant cash stream, creating jobs, export earnings, governmental revenues, and commercial prospects (ILO, 2013). It follows that the recognition of tourism by

numerous countries as a potent weapon for drawing in investments, improving public infrastructure, and raising living standards for local residents in tourist regions is not surprising (OECD, 2013). Owing to its diverse economic structure and strong multiplier effects, tourism has an important economic effect beyond the primary businesses that serve visitors and offer them goods; as it includes a wide range of other creators and service providers who promote tourism and build an intricate chain of value-added chains based on their roles and market desires (Quattrociocchi et al., 2017). This kind of highly fragmented economic structure, where service provision is highly prevalent, leads to the emergence of the shadow economy.

According to Breman & van der Linden (2014), the tourism sector has given rise to a sizable informal economy that presents new possibilities for employment and self-employment, but also new challenges of making a decent in earning a living. The informal and even illegal economic aspects of the tourism sector are inextricably linked to it. In certain pieces of literature, this is referred to as the "shadow" or "underground" economy for tourism, a situation in which the expansion and development of tourism activities is not tracked, reported, or incorporated into official economic measurements of the nation (Din et al., 2016).

The informal tourism sector encompasses a wide range of activities and is characterized by the diverse relationships between individuals and enterprises. These comprise interact with travelers and the tourism sector, investment, market data, labor and assets without being a part of any official association (Slocum et al, 2011). Also these companies are not acknowledged (Francis, 2019). The informal economy in tourism is created both through underreporting (i.e., delivering services without submitting invoices), as well as by undeclared work (i.e., hosting visitors in private houses) (Jaliu & Răvar, 2019).

Informal economy players frequently offer services to tourists in less developed and developing nations. Two such examples are beach boys who approach tourists as escorts and vendors on the streets who assemble near tourist vehicles to sell food. Informal activities may also become iconic attractions connected to a place and an important component of the country's tourism product (Damayanti et al., 2018). The proceeds from these activities help the local community (Dahles & Prabawa, 2013). In both developed and developing nations, the tourism industry's informal economy is becoming more prevalent (Narangajavana et al, 2016; Zhang & Gao, 2016). Micro, small, and medium-sized enterprises (MSMEs) make up the bulk of the tourist and hospitality sectors in developing nations. Many of these MSMEs operate in the informal sector and employ informal workers (Ramzy, 2020)

2.5. The status of the informal economy and tourism MSMEs in Egypt

The informal economy in Egypt, a developing nation, can be both an obstacle and an opportunity at the same time. On the one hand, it may be seen as a way for Egyptian citizens to supplement their sources of income, particularly during economic downturns. On the other hand, it also indicates a loss of tax revenue for the nation,

which could have gone regarding solving many economic issues. Furthermore, inaccurate estimates of the unemployment rate and the real income growth rate could lead policy makers astray (Barbary, 2024).

According to the Central Agency for Public Mobilization and Statistics (2023), Egypt's informal economy is estimated to represent 40: 50 percent of GDP, Egypt's GDP reached EGP 9.8 trillion (\$318.23 billion) in the financial year 2022/2023, suggesting that the informal economy could be valued at around \$127 billion (BTI, 2024), despite government efforts to regulate it through formal integration, according to recent data from the Cabinet's Information and Decision Support Center (IDSC), The impact of informality on the economy accounts for the loss of approximately EGP 400 billion (\$13 billion) in taxes annually (FEI, 2023). As taxes account for over 75 percent of revenues allocated for the 2023/2024 national budget, collecting more taxes from the informal economy has become a government priority. According to Egypt's economic census, 2 million firms, or 53% of all businesses in the country in 2017–2018, are in the informal sector. The majority of these businesses are micro and small businesses; 81% of them have invested capital of less than EGP 100,000, while 18% have invested capital between EGP 100,000 and EGP 200,000 (El-Gebali, 2021).

Micro, Small and medium micro enterprises MSMEs, which are crucial to national economies, are encouraged by nations that are developed as well as developing In view of the benefits they provide (Erdogan, 2022). Micro, small, and medium-sized enterprises (MSMEs) constitute the fundamental foundation of Egypt's economy, making up an astounding 98% of the country's privately owned businesses and making 3.8 million major contributions to the economic environment of the country (UNDP, 2023) Micro and Small enterprises are largely responsible for the growth and prosperity of the informal sector (UN, 2022).

Small and micro enterprises tend to conduct their transactions using cash payment, and it is known that business areas that are based on the use of cash payment in conducting transactions facilitate informal activities (FCA, 2022), and for this reason we find Any attempt to implement tax systems by force will result in the bankruptcy of a large number of these projects, because these projects already operate in the absence of taxes. the increasing number of these projects, which are based primarily on the use of cash payment in concluding transactions and not relying on banking systems in dealing, leads to The relative importance of the informal sector has increased in many countries, as it becomes easier for these projects to evade tax the smaller the size of these projects (Latifa et al., 2007).

Tourism SMEs improve a country's worldwide image, facilitate local, regional, and national sustainability, and participate in overall economic growth (Sit et al., 2020). They are important economic activities, and their growth can contribute significantly to economic development strategy, which improves the quality of life for the societies, particularly in developing territories (Carrillo-Hidalgo & Pulido-Fernández 2019). They create new job opportunities, directly and indirectly, generate foreign exchange, increase revenue, contribute to poverty alleviation, and provide opportunities for related smaller businesses (Dar & Mehta 2014; ElJarhi & Salem 2020). In Egypt, Eraqi (2007) confirmed that tourism and hospitality projects increase

the national income and create jobs for the Egyptian local people. In Egypt, the improvement of SMEs is one of the major World Tourism Organization strategies that can be utilized to improve overall tourism and hospitality development indicators and enhance the quality of the standard of living of the Egyptian local people (Eraqi 2007).

SMEs are one of the most important leading instruments for the tourism and hospitality industry (Ghazi, & Ammar, 2018). A noticeable percentage of the tourism and hospitality activities is prevailed by small-medium enterprises (SMEs) (Ramzy, 2020).

It is essential to understand the meaning of small and medium-sized enterprises (SMEs). In Egypt, based on the Medium and Small Enterprises Development Law (1), Article One of Law No. 152 of 2020 defines medium projects as each established industrial project its invested capital is five million pounds and does not exceed fifteen million pounds. Or every newly established non-industrial project, its invested capital is three million pounds and does not exceed five million pounds. As for small projects, the sixth paragraph of the law defines them as each established industrial project its invested capital is thousand pounds and less than five million pounds. Or every non-industrial project, its invested capital, is fifty thousand pounds and less than three million pounds (EJB, 2020).

There are different SMEs in tourism industry. They are distributed across three main industry groups: recreation and entertainment, transportation, and travel services (Ghazi, & Ammar, 2018). In spite of the significance of SMEs, working in the tourism sector in Egypt, they are facing real obstacles: the weak fund, and decreased support, and the inability to get loans (Soukhathamma & Park, 2019). A huge number of SMEs operate in the informal sector, the government doesn't have records of them operating in the country and the reason why they do this is to run away from paying taxes (Bary, 2019). According to the Latest report of The Central Agency for Public Mobilization and Statistics (2017–2018) on the sector division of informal economy activities, the food and accommodation services sector, which often refers to the tourism sector, accounts for 5.2% of establishments, 15% of the value of production, and less than 1% of the total value added. 5.2% of establishments, 15% of production value, and less than 1% of total value added (CAPMAS, 2018).

In the economy that is informal, financial inclusion is a challenge, particularly for informal merchants who create bank accounts but do not use them (Kopel, 2020). The first step toward financial inclusion is having an account for money at any type of bank (Barak, 2022). Demirgüç-Kunt, et al., (2021) defined account ownership as Ownership of an individual or jointly owned account at a financial institution that is regulated, such as a bank, credit union, microfinance institution, post office, or mobile money service provider. Financial inclusion (FI) and labor informality (LI) are not mutually exclusive. An employee who works a formal job sees a direct benefit from having a bank account, which is the ability to receive his income transfer because an account is frequently necessary. A worker with an informal employment, on the other hand, usually works in a cash economy and can see obtaining a bank account as merely burden (Aurazo & Gasmi, 2022).

3. Research Methodology

Descriptive research is a common investigatory model used by researchers in various fields, including social sciences. The goal of descriptive research is to describe phenomenon characteristics and catalog all the variables and conditions that affect the phenomenon (Nassaji, 2015). The descriptive research creates a reliable database for additional study and gives a firm understanding of a situation. Furthermore, inductive Approach is a systemic approach is essential for Researcher to arrive at conclusion. Condensing large and diverse raw text data into a summary style, and clearly defining connections between the study objectives and the conclusions drawn from the raw data; are the two goals of employing an inductive technique (Thomas, 2006).

So, the research relied on the use of the descriptive method to study and describe Characteristics of the phenomenon of the informal economy and its impact on the tourism sector in Egypt, as well as the inductive approach using reports and studies issued by the International organizations and institutions to serve the research topic.

To review the informal economy, the research used reports issued by International Monetary Fund (IMF), and International Organization of Employers (IOE). Moreover the latest statistics about informal economy in Egypt issued by Central Agency for Public Mobilization and Statistics (CAPMAS). Regarding the review of Micro, Small & Medium-Sized Enterprise the research used latest reports issued by United Nations Development Programme (UNDP) for the year 2023, Egyptian Junior Business Association (EJB) for 2020, United Nations (UN) report for 2022, and Financial Conduct Authority (FCA) in addition, the research used some different reports issued by the Institute of National Planning (INP), The BTI Transformation Index (BTI), and International Labour Organization (ILO).

4. Results

As one of the largest industries globally, tourism fosters economic growth, job creation, tax and export revenue, affluence, and business opportunities (Kovačević et al., 2018; Sokhanvar et al., 2018; Bozkurt et al., 2018). The tourism industry contributes significantly to economic growth by creating jobs and business opportunities for locals, accumulating wealth, and earning foreign exchange gains (Megawati et al., 2023).

According to Din et al. (2016), the tourist industry has the potential to make a substantial impact on reducing poverty in emerging economies. Certain unique characteristics, particularly in the tourist sector—like its small size, informality, and flexibility—make it difficult for entrepreneurs in the industry to take advantage of these opportunities (Power et al., 2017). In addition to facing several financial obstacles, tourism MSMEs operating in the informal economy struggle to conduct business in an environment of legal uncertainty and insecurity. Businesses encounter difficulties with taxation, labor laws, registration, and other issues. They also suffer with trade, raising cash, property rights, contracts, business identity, and transaction impediments (IOE, 2021).

According to Moriarty, et al. (2008), tourism MSMEs projects face several fears that stand as a stumbling block in front of moving into the formal economy, such

as strictness in requesting guarantees in order to obtain financing (Wu Junjie & Zeng, 2008). In addition, the difficulty of agreeing to grant a loan, which creates a major problem for small tourism projects that do not have sufficient fixed assets, especially at the beginning of their operating life (ELJarhi & Salem, 2020). The loan amount is insufficient, especially in projects that require equipments for manufacturing rugs, carpets, and handicrafts. Furthermore, the lack of a grace period for repaying loan installments in times of tourism crises (Singh & Deshmuck, 2010).

The transition from the informal economy to the formal economy is difficult, but it is the only solution to confront the obstacles facing tourism projects in the informal economy. There are certain guidelines provided by international standards. The International Labour Organization issued Recommendation (R.204) concerning the Transition from the Informal to the Formal Economy calls for “an integrated policy framework to facilitate the transition to the formal economy”. This framework integrates a wide variety of pertinent policies in a cohesive manner. Furthermore, R.204 emphasizes the importance of developing context- and time-specific measures (ILO, 2015). Jaliu & Răvar, (2019), indicated that business owners in the tourism sector often think that external financing for company formation and expansion serves as a motivator for formalizing unofficial operations. This is mostly because financial inclusion gives entities (both legal and physical) the money they need to get authorization, permits, and certificates that they otherwise wouldn't have been able to get because of a lack of funds. On the other hand, the execution of financial inclusion necessitates more stringent oversight by the pertinent state agencies.

The policy focus should include not only alleviation of the consequences of informality, but should also focus on addressing its underlying causes. It might be possible to reform business registrations to make them more straightforward, transparent, and automated. Start-up hurdles, such as licenses, permits, and minimum capital requirements, should also be appropriately sized as additional measures to help combat informality (IOE, 2021).

Notably, the state is working to put financial inclusion mechanisms into place since they should have a good effect on the provision of services and funding for social safety networks and support programs. In addition, helps in attract informal sector institutions to the formal sector, while providing ease of financing and secure payment systems (CBE, 2023). It offers programs for financial inclusion as well offering microfinance, which improves these organizations', whether official or informal, access to funding sources, allowing them to thrive. The International Monetary Fund estimates that financial inclusion for small and medium enterprises in the Middle East could provide more than 16 million jobs by 2025 (Blancher et al., 2015).

Egypt also issued the Small and Medium Enterprises Law No. 152 of 2020, which enhanced the scope of incentives provided to emerging, small and medium enterprises, represented by tax exemptions up to five years from the time of establishment, as well as a group of non-tax incentives, perhaps the most important of which is the allocation of land for the purposes of small and medium enterprises in exchange for a small fee (EJB, 2020). In addition to giving time periods and grace periods to connect the facilities for these projects, with total or partial exemption from late fees. The law also included the development of a new, flexible mechanism to

provide financing to owners of small and medium enterprises, or entrepreneurs, to help finance and establish projects officially, and to help them spread and increase their ability to finance and grow (FAO, 2023). The informal economy constitutes an obstacle affecting the growth of the formal economy in Egypt; however its positive effects cannot be ignored, as it is a catalyst for revitalizing the formal economy. It also has positive effects, especially in reducing the rate of poverty and unemployment among members of society, and therefore it affects one of the most important indicators of economic stability (Alghayesh, 2021).

5. Conclusion

The research aims to shed light on the informal economy of the Egyptian tourism sector. Moreover, the research gives ideas to motivate tourism MSMEs enterprises to work within the formal economy through the recommendations which directed to Ministry of Tourism, Ministry of Planning and Economic Development, Ministry of Finance, the Central Bank of Egypt and Civil society organizations. The study pointed to a number of general results with respect to the state of the informal economy in Egypt and the most important obstacles facing Egypt to reduce the informal economy and, financial inclusion mechanisms to integrate informal sector institutions in Egypt. The points of the conclusion can be presented in the following:

- The informal economy includes all productive and service economic units that have not been properly established legally, and therefore workers in them do not enjoy any form of social protection or legal rights guaranteed to their counterparts in the formal sector.
- The informal Egyptian tourism sector is largely based on the activities of small and medium enterprises, which tend to conduct their transactions through cash transactions and do not rely on banking systems for dealing. Therefore, small and medium tourism enterprises outside the formal sector face great restrictions.
- Egypt is working to integrate the activities of the informal sector into the formal sector by supporting financial inclusion mechanisms through; various financing programs and other services that help ensure safety for small and medium tourism projects.

6. Recommendations

Under the light of the results, the following recommendations were suggested and directed to responsible authorities of tourism Ministry, Ministry of Finance, Financial Inclusion Department at the Central Bank, and Ministry of Planning and Economic Development to put in consideration for enhancing the study results, as follows:

Recommendations directed to tourism Ministry and Ministry of Planning and Economic Development

- Absorbing the workforce entering the tourism labor market to increase production. Overall, improving salaries and wages, ensuring improved income levels and increasing purchasing power.
- It is important to Conduct a comprehensive inventory of all informal tourism economic activities, and then register their activity with their regulatory authorities.

- It is essential to motivate tourism MSMEs enterprises to work within the formal economy by facilitating procedures and reducing costs to help them exist through a legal personality, in addition to ensuring ease of exit from the market.
- Encouraging tourism informal MSMEs joining the formal sector by granting financing benefits and credit loans to anyone seeking to work legally.
- It is essential that Discussing the possibility of establishing a special council for the informal tourism sector, which would serve as a liaison between all ministries involved and create policies to support it, provided that it includes a group of experts from both the government and non-government sectors.
- It is essential that Urging the formal sector to support horizontal and vertical integration with emerging, small and medium-sized informal tourism enterprises in various economic sectors.

Recommendations directed to Ministry of Finance and the Central Bank

- It is essential that granting tax, administrative and financial facilities to informal activities in the tourism sector for an appropriate interim period until this informal sector become accustomed to dealing publicly and disclosing its activity. The informal sector will then be gradually subjected to formal dealing systems; in a way that allows it to have its activities announced, on an equal footing Equality with other official activities.
- It is important to accelerate the financial inclusion in Egypt by giving more incentives to MSMEs enterprises to go formal through banking sector initiatives, that encourage the tourism enterprises to formalize their activities.

Recommendations directed to Ministry of Finance, Ministry of Planning and Economic Development and Civil society organizations

- It is necessary to provide policies aimed at developing the informal economy to support the provision of job opportunities Work and ensure its transformation into projects that enjoy appropriate legal recognition of all rights and responsibilities.
- It is important to manage projects flexibly, particularly on the part of the administrative and regulatory authorities that oversee them. on occasion, workers go to the unofficial economy out of fear as a result of how these authorities handle them.
- Developing a mechanism for coordination and interconnection between civil society organizations, and political parties with geographical presence and spread, as well as unions, on the one hand, and the government, on the other hand, regarding the formulation of policies and binding legislation to integrate the informal sector.

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نظرية الاقتصاد غير الرسمي في قطاع السياحة المصري

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المستخلص

يُعد الاقتصاد غير الرسمي هو المكون الثاني في الاقتصاد الفعلي لأي بلد. في قطاع السياحة تكافح المشروعات متناهية الصغر والصغيرة والمتوسطة العاملة في الاقتصاد غير الرسمي من أجل ممارسة الأعمال التجارية في بيئة مليئة بالعقبات المالية وعدم اليقين القانوني وانعدام الأمن. إن الانتقال من الاقتصاد غير الرسمي إلى الاقتصاد الرسمي أمر صعب، لكنه الحل الوحيد لمواجهة المعوقات التي تواجه المشروعات السياحية في الاقتصاد غير الرسمي. تعتمد ورقة المراجعة هذه على الأدبيات الحالية حول الاقتصاد غير الرسمي لقطاع السياحة في مصر. يتناول البحث حالة المشروعات متناهية الصغر والصغيرة والمتوسطة السياحية في مصر. استخدم هذا البحث المنهج الوصفي وكذلك المنهج الاستقرائي باستخدام؛ التقارير والدراسات الصادرة عن المنظمات والمؤسسات العالمية لخدمة موضوع البحث. وكشفت النتائج أن قطاع السياحة المصري غير الرسمي يعتمد بشكل كبير على أنشطة المشروعات الصغيرة والمتوسطة، والتي تميل إلى إجراء معاملاتها من خلال المعاملات النقدية ولا تعتمد على الأنظمة المصرفية في التعامل. ولذلك، تواجه المؤسسات السياحية الصغيرة والمتوسطة خارج القطاع الرسمي قيودًا كبيرة. ونتيجة لذلك يوصي هذا البحث بدعم آليات الشمول المالي من خلال برامج التمويل المختلفة التي تدمج أنشطة القطاع غير الرسمي في القطاع الرسمي.

الكلمات الدالة

الاقتصاد غير الرسمي ، قطاع السياحة المصري